

From: Beverley Rutherford

Subject: Truth in Lending

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Proposal: Regulation Z - Truth In Lending
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Comments:

@@@Thank you for the opportunity to comment on your ANPR (R-1217) regarding open-end credit rules of Regulation Z. I am responding on behalf of a state-chartered credit union with assets of 1.2 billion. We offer the following comments:

1. We agree with the scope of the Regulation Z review to be in stages. Open-end lending is quite different from closed-end, so we believe this approach is practical.
2. With regards to Questions 7-9 on the Schumer box, we believe the Schumer box is an effective format to disclose pertinent information to consumers. We agree that grouping the balance transfer or cash advance fees within the box would be easier for consumers to view the disclosures in one place.
3. We believe disclosing an "effective" rate is not meaningful, is confusing to the consumer, and most consumers do not understand the differences between that and the APR. We recommend the Board consider eliminating the effective rate disclosure requirement.
4. The Board has requested data and comment on the effect of making only the minimum payment (Questions 31-33). We have found that more than three-fourths of our cardholders make greater than the minimum payment, or make payment in full. To make these disclosures, additional programming costs would have to be incurred by us and other lenders, ultimately increasing the cost of credit to consumers. In addition, as we add more disclosures, it is easy for consumers to be overloaded with information. We believe in lieu of adding additional disclosure requirements, educating consumers on the cost of credit is a better approach.
5. In Question 36 the Board asks whether it would be appropriate to require disclosure of the allocation method on the periodic statement. In many cases this is a complex formula, which we believe would be confusing to consumers. Instead, we have a general statement in the account agreement that alerts the

consumer that payments may be applied to promotional balances before other purchases or charges. We ask the Board to consider a general statement approach.

Should you need further information on these comments, please feel free to contact me at 804-323-6000, ext. 5665.

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